

**Incurred Cost Audit
TIRNO-95-D-00062
FY98**

December 2000

Reference Number 2001-1C-029

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL
for TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 19, 2000

MEMORANDUM FOR JAMES A. WILLIAMS
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Incurred Cost Audit TIRNO-95-D-00062

The Defense Contract Audit Agency (DCAA) audited the contractor's incurred costs submission. The purpose of the audit was to determine the allowability of direct costs and indirect cost rates and establish audit determined indirect cost rates for January 1, 1998 through December 31, 1998.

DCAA qualified its audit report because the results of assist audits for subcontractors had not been received. Additionally, DCAA noted the contractor's estimating system, compensation system, and billing system are inadequate in part. In summary, DCAA disallowed \$438,223 of expenses, which reduced various indirect rates.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510, or your staff may call Maurice S. Moody, Associate Inspector General for Audit (Headquarters Operations & Exempt Organizations Programs), at (202) 622-8500.

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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